

MINUTES OF THE REGULAR MEETING OF THE MEDFORD WATER COMMISSION
December 18, 2013

The pledge of allegiance was given.

The regular meeting of the Medford Water Commission was called to order at 12:25 p.m. on the above date at the Medford City Hall Lausmann Annex, Room 151/157 with the following commissioners and staff present:

Chair Jason Anderson; Commissioners John Dailey, Cathie Davis, Lee Fortier, Leigh Johnson

Manager Larry Rains; Medford Attorney John Huttli; Deputy City Recorder Karen Spoons; Administrative Coordinator Betsy Martin; Principal Engineer Eric Johnson; Finance Administrator Tessa DeLine; Water Quality Administrator Rosie Pindilli; Operations Superintendent Ken Johnson; TS Coordinator Kris Stitt; Construction Administrator Andy Huffman

Guests: City of Medford Councilmember Bob Strosser; Ashland Public Works Director Mike Faught; Ashland Associate Engineer Pieter Smeenk; Central Point Mayor & Liaison Hank Williams; Central Point City Manager Chris Clayton; Eagle Point Mayor & Liaison Bob Russell; Eagle Point City Administrator Henry Lawrence; Eagle Point Public Works Director Robert Miller; Phoenix Mayor & Liaison Jeff Bellah; Talent Councilmember Darby Stricker; Joe Stahl and Chris Peters of RH2 Engineering

3. Approval or Correction of the Minutes of the Last Regular Meeting of December 4, 2013

The minutes were approved as presented.

4. Comments from Audience

4.1 Central Point City Manager Chris Clayton questioned if there would be time during the public hearing to speak; Commissioner Anderson noted that there is and he would open it up for comments.

4.2 Talent Councilmember Darby Sticker thanked the board for the excellent lunches and stated that she would speak during the public hearing.

4.3 Joe Strahl of RH2 Engineering presented copies of correspondence pertaining to the Cost of Service Study. He apologized for any confusion on his part during the last meeting and highlighted information that would provide clarification. He stated that the purpose of the focus group was to ask questions and provide input as per a letter from Manager Rains dated May 8, 2013. He asked that the Board make the consultant earn his money and identify the concerns addressed from the beginning. He provided a list of the requested questions and added suggested goals that the other cities would like to be addressed.

5. Public Hearings

5.1 Consider Resolution No. 1536, A RESOLUTION of the City of Medford, Oregon, By and Through its Board of Water Commissioners, Using the Methodology and Other Provisions Relating to Imposition and Collection of System Development Charges (SDCs), Repealing Resolution No. 1376, Which Updated SDCs Effective January 1, 2010, and Adopting New SDCs for Water Treatment and Transmission Facilities Based on the 2013 SDC Technical Study and Annual Staff Review, Attached as Exhibit A, and Declaring the Effective Date as April 1, 2014

The "system" SDC has not increased since 2009. The proposed charge (\$1,587.07 which is up about \$110) was presented to the Board in a study session on September 18, 2013. Staff recommended approval. The modified SDC would become effective April 1, 2014.

Public hearing opened.

A letter previously presented by Central Point Mayor Hank Williams was included in the record.

Mr. Strahl commented that at the last meeting Medford City Attorney John Huttli stated that the Homebuilder's Association would be notified; Administrative Coordinator Betsy Martin stated that they do send certified letters to any group that has requested this information but was not sure if the Homebuilder's Association was on that list. Mr. Strahl said that they were unaware of the proposed SDC increase. Commissioner Anderson requested Ms. Martin to verify that the Homebuilder's Association did receive the notice.

Mr. Clayton resubmitted a letter previously given to the Board. He commented on agreements from the other cities. Mr. Clayton also brought up that a separate SDC agreement has expired but will be included in the proposed language for the future service agreement. He also addressed the administrative policy on SDCs, the issues that came up regarding a Central Point subdivision, and that the questions that came up at that time could be addressed in a full SDC study.

Talent Councilmember Darby Stricker submitted and read a letter for the record from the City of Talent which requested lower SDC levels than Medford and requested the MWC establish different SDC charges each city would collect based on usage.

Phoenix Mayor Jeff Bellah stated that although he couldn't understand the study he requested the methodology be addressed.

Public hearing closed.

Manager Larry Rains stated that in regards to Talent's comments pertaining to different SDC charges the original SDC was set up so everyone would be treated equal (such as a new developer). Pertaining to comments from Phoenix, the MWC consultant did look at methodology and the 1,200 gallons per minute was not unusual for a Medford customer based on a maximum day and that you have to plan based on the maximum rate.

Ms. Martin presented the copies of the registered return receipts for the SDC letters which went out. Mr. Anderson stated that the Homebuilders Association did receive a certified copy and the president did sign for the registered letter on September 9. Mr. Strahl noted that he must have talked to them earlier than that.

Commissioner Dailey questioned what the consultant thought about our changes; Mr. Rains stated that all changes presented by the consultant were implemented except the change pertaining to high level usage. The consultant thought that the MWC might want to change their fee based on a meter basis vs. an acreage basis but staff did not agree with that and the consultant was fine with that. Mr. Dailey questioned Mr. Huttli if there were any statutory issues pertaining to what we charge for SDCs; Mr. Huttli noted they need to be based on the standards ratemaking principals employed based on capital improvement projects. Mr. Dailey questioned if we comply with that; Mr. Huttli stated that we do.

Mr. Anderson noticed that most of the comments heard have to do with the study and what it did and did not look at; hence the reason for the more comprehensive study. He noted that we have not raised the SDC rate for four to five years due to the economy and the outcome of the rate study.

Mr. Dailey questioned if any other water system in the state has a lower rate; Mr. Rains noted that they do not.

Motion: Approve Resolution No. 1536

Moved by: Mr. Dailey

Seconded by: Ms. Davis

Roll Call: Commissioners Anderson, Dailey, Davis, Fortier, and Johnson voting yes.

Motion carried and so ordered. Resolution No. 1536 was approved.

5.2 Public Hearing to Consider Resolution No. 1537, A RESOLUTION Modifying the System Development Charge (SDC) for the East Side High Level Area (ESHL)

The ESHL SDC was last modified, as a decrease in 2010. The proposed charge (\$7,364.76 per acre) was presented to the Board in a study session on September 18, 2013. Staff recommended approval. The modified SDC would become effective April 1, 2014.

Public hearing opened.

No one spoke.

Public hearing closed.

Mr. Dailey questioned why we kept the rate in acres; Mr. Rains noted that it was difficult to determine the size and number of the lots due to hillside areas.

Motion: Approve Resolution No. 1537

Moved by: Mr. Dailey

Seconded by: Mr. Fortier

Roll Call: Commissioners Anderson, Dailey, Davis, Fortier, and Johnson voting yes.

Motion carried and so ordered. Resolution No. 1537 was approved.

5.3 Public Hearing to Consider Resolution No. 1538, A RESOLUTION Modifying the System Development Charge (SDC) for the Southwest High Level Area (SWHL)

The SWHL SDC was last increased in 2009. The proposed charge (\$8,423.56 per acre) was presented to the Board in a study session on September 18, 2013. Staff recommended approval. The modified SDC would become effective April 1, 2014.

Public hearing opened.

No one spoke.

Public hearing closed.

Mr. Anderson questioned why the south side was higher; Mr. Rains noted that it is based on acreage and there is less urban area in the south side zone.

Motion: Approve Resolution No. 1538

Moved by: Mr. Johnson

Seconded by: Mr. Dailey

Roll Call: Commissioners Anderson, Dailey, Davis, Fortier, and Johnson voting yes.

Motion carried and so ordered. Resolution No. 1538 was approved.

6. Authorization of Vouchers

Motion: Authorize the Manager and the Recorder to issue check-warrants in payment of invoices for a total amount of \$277,101.87

Moved by: Mr. Johnson

Seconded by: Mr. Dailey

Roll Call: Commissioners Anderson, Dailey, Davis, Fortier, and Johnson voting yes; Anderson abstained

from the Asante Physician Partners and Big R vouchers; Fortier abstained from Dry Creek Landfill, Rogue Shred and Rogue Disposal vouchers, Johnson abstained from Stanley Convergent Security Systems voucher.

Motion carried and so ordered.

7. Engineer's Report (E. Johnson)

- 7.1 Duff Water Treatment Plant Duff Flocc/Sed Basins – The monthly project coordination meeting is scheduled for tomorrow. Black and Veatch continue to work towards completion of the 75% plans submittal. The 75% completed plans are due from Black and Veatch on January 9, 2014.
- 7.2 Duff Water Treatment Plant Emergency Backwash – There are two items left on the punch list which are scheduled for completion next week.
- 7.3 Duff Water Treatment Plant Raw Water Intake Pumps 1 & 2 – The design kickoff meeting is scheduled for January 7, 2014 at Duff Water Treatment Plant.
- 7.4 Martin Control Station – The pumps were successfully started, tested and flowed. All pumps and the pressure reducing valve are fully functional. The fencing is done, the landscaping continues and interior items are being completed. This project should be completed in about a month.
- 7.5 Angelcrest Pump Station – Marquess and Associates continues to work on the final design of the pump and controls.
- 7.6 Highway 62 Bypass – The Commerce Drive 10" Water Main Realignment Project is under construction. The 10" water main has been installed, pressure tested, chlorinated and samples taken. Once notified of samples, passing the 10" water main will be tied in with the existing 10" water main and put into service. The submittal package for the 14" water main realignment in Hwy 62 is still under review with ODOT.
- 7.7 Vilas Road 16" Water Main Inter-tie – A utility coordination meeting is scheduled for tomorrow to discuss the proposed 16" water main alignment with the utility companies and local agencies.

8. Water Treatment Report (Pindilli)

- 8.1 Four quotes were received for the residential backflow assembly testing services contracts. The contractors selected were B2 Backflow Service and Rogue Valley Backflow Service.
- 8.2 Data Management Software has been partially installed and should be fully installed by the second week of January.
- 8.3 Data is being compiled for our annual report; with the new software it will be automatically installed saving staff time.
- 8.4 Required regulatory sampling has been difficult due to the weather, but staff has managed to acquire all samples.
- 8.5 The hydrant flushing program has also been impacted by the weather.
- 8.6 The last round of Stage 2 disinfection bi-products has been collected. Aside from two more weeks of total coliform sampling, MWC regulatory sampling for 2013 is complete.

Finance Report (DeLine)

- 9.1 In the next few days our Fannie Mae bonds will be called. Our investor is recommending that we place the funds in the LGIP and wait until next quarter to purchase. Rates are poor and expected to rise sometime next year.
- 9.2 Finance is experiencing computer problems with the new software; staff is waiting for the consultants to come up with a solution. Punch list items have yet to be completed.

Mr. Anderson questioned if we need to approve or accept the audit; Mr. HuttI stated that he did not think so but would verify.

10. Operations Report (K. Johnson)

- 10.1 Due to the cold weather and freezing water about 200 customers had issues with leaks. There was one service leak and one main break. Prior to the cold weather the average usage was 16.91 million gallons; with the cold weather the net flow average is 27.2 million gallons which amounts to about 2,000 gallons a minute. Staff is looking for any leaks that might contribute to this. Staff will take the Big Butte Springs line two on half pipe to full pipe and commented that it is about a twelve hour process.
- 10.2 Low Lead Act – This issue is before the Senate as bill #1824 to revise the Low Lead Act but today is the last day they could act on this. Staff questioned if we should reactivate the letter to our representatives and stated that they have talked with AWWA who is talking to see if this could go anywhere.

Mr. Anderson questioned our inventory; staff stated that it is about \$400,000 in scrap. Commissioner Johnson commented that our chances are slim as they adjourn tomorrow. It was noted that this is about a one billion cost to the water industry.

- 10.3 Mr. Dailey questioned the meter; Operations Superintendent Johnson noted that the meter has been installed and seems to be working well. Mr. Dailey questioned if there was anything else we needed to do pertaining to the Phoenix meter; Mr. Strahl thought we would know in about a month.

11. Manager/Other Staff Reports

- 11.1 Staff Report on the Utility Management Software Upgrade Project
TS Coordinator Kris Stitt provided an update on the new software. There are a few struggles on the Finance side and there are configuration issues that need to be refined. Consultants will be back on site the first week of January. It has been two years since we first signed the contract. The contract expires soon so it is expected that we will continue the contract.

12. Propositions and Remarks from the Commissioners

- 12.1 None

13. Adjourn

There being no further business, this Commission meeting adjourned at 1:12 p.m. The proceedings of the Water Commission meeting were recorded on tape and are filed in the Water Commission's Office. The complete agenda of this meeting is filed in the Water Commission's Office.

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Deputy City Recorder/Clerk of the Commission